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LENDING AGENCY COTTON

HANDBOOK

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FOR PRICE SUPPORT LOANS ON COTTON

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
WASHINGTON 25, D. C.

INSTRUCTION NO. 554-16 (Rev.) JULY 15, 1953

AGRI-WASH

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

LENDING AGENCY - COTTON HANDBOOK FOR PRICE SUPPORT LOANS ON COTTON (Revised 7-15-53)

PART I - GENERAL

A Purpose and Scope

This Handbook is issued as a guide to lending agencies participating in cotton loan programs undertaken by the Commodity Credit Corporation (hereinafter called CCC). The instructions contained herein supplement the provisions of the Lending Agency Agreement - Cotton, CCC Cotton Form D, (hereinafter called "Agreement"). Nothing contained in this handbook shall be considered as altering or superseding any provisions of the Agreement or the cotton loan regulations. The general functions of the New Orleans PMA Commodity Office, PMA State Committees and PMA County Committees are described herein only insofar as they relate to lending agency operations under programs covered by these instructions. All amendments to this Handbook will be authorized by the Controller or Acting Controller of CCC.

B Policy of CCC in Regard to Producer Loans

1 It is the policy of CCC to utilize the ordinary channels of business to the maximum extent practicable in carrying out its operations. It is also the policy of CCC to make all of the benefits of price support as conveniently available to farmers as possible, so that its price support operations will be fully effective. Therefore, local banks and others are encouraged to participate in the programs as Approved Lending Agencies (hereinafter called "Agency" or "Agencies") and producers are encouraged to obtain CCC price support loans through the local Agencies.

2 It is necessary for effective operation of CCC Cotton price support programs to arrange for prompt acceptance of price support loans by CCC and to provide arrangements whereby farmers or subsequent holders of the farmers equities may repay the loans and redeem the pledged collateral at any time, without delay. To accomplish this, a central point of acceptance of the loans has been designated by CCC. Further, Custodial Offices for holding the cotton loan documents have been named. Therefore, an Agency making CCC price support loans on cotton is required to deliver the loan documents to the designated office for acceptance and distribution to the Custodial Offices. At the election of the Agency, the delivery of the loan documents to CCC may be made through another Agency. Any Agency may be designated as the party entitled to receive settlement for the loans. In order that the requirement of delivery of the loan documents to CCC will not prevent Agencies from participating in the programs to the maximum extent, the Agreement provides a method for Agencies to invest funds in loans by participating in a pool of the

loans held in each Custodial Office. The participation of the Agency is evidenced by one or more Certificates of Interest issued and held by the Custodial Office.

C Responsibilities of PMA Field Organization and Custodial Offices

1 CCC price support programs for cotton are carried out by the PMA Commodity Office, New Orleans, Louisiana, (hereinafter called the "New Orleans Office") and the PMA State and PMA County Committees. Designated Federal Reserve Banks and Branch Banks serve as Custodial Offices.

2 The New Orleans Office is responsible for approval of lending agencies and for execution of the Agreement with the Agency. The New Orleans Office is responsible for the distribution of forms required by Agencies in the making of loans pursuant to the Agreement and for the furnishing to the Agencies lists of warehouses approved for the storage of cotton securing price support loans. The New Orleans Office is responsible for specifying the areas in which loans on order bills of lading will be available and for furnishing to Agencies lists of Receiving Agencies approved for the receiving and shipping of cotton securing price support loans. The New Orleans Office is responsible for completing arrangements with Federal Reserve Banks and Branch Banks for accepting drafts presented under the Agreement by Agencies which are banks or Production Credit Associations. The New Orleans Office is responsible for examining, accepting or rejecting and settling for all loan documents tendered by Agencies. The New Orleans Office will, when deemed necessary, draw upon Agencies having received payment by draft for rejected loans or for excess payments. The New Orleans Office is responsible for maintenance of the pool of those notes secured by warehouse stored cotton for the district for which it is designated custodian and of all notes secured by farm stored cotton, and for the issuance, holding and payment of Certificates of Interest representing the participation of Agencies in the pool.

3 PMA State Committees are responsible for supervision, within their respective states, of the field work performed by PMA County Committees on the cotton loan programs.

4 PMA County Committees, under supervision of PMA State Committees, are responsible within their respective counties for furnishing, preparing and approving loan documents for loans secured by cotton in farm storage, and for arranging for the recording of chattel mortgages. PMA County Committees are also responsible for approving persons to act as "Loan Clerks" to assist producers in the preparation of loan forms for warehouse storage loans and to perform certain other functions including the signing of the "Clerks Certificate" on Cotton Producer's Note and Loan Agreement. In addition, it is the responsibility of each county committee to furnish a list of the names of locally approved "Loan Clerks" to each Agency within the county.

5 Federal Reserve Banks and Branch Banks are responsible for the maintenance of the pools of notes other than that maintained by the New Orleans

Office secured by warehouse stored cotton received for loan in their designated custodial districts. Federal Reserve Banks and Branch Banks are also responsible for the issuance, holding and payment of Certificates of Interest representing the participation of Agencies in the pools.

6 A directory of the Custodial Offices and the geographical areas for which they have responsibility for a pool of notes are as follows:

(a) Warehouse-stored cotton.

Custodial Office and District Served:

Federal Reserve Bank, Atlanta, Ga.; Georgia, Alabama, Florida, Virginia, North Carolina, South Carolina.

Federal Reserve Bank, Dallas, Tex.; New Mexico, Texas.

Federal Reserve Bank, Los Angeles, California; California, Arizona, Nevada.

Federal Reserve Bank, Memphis, Tenn.; Illinois, Kentucky, Arkansas, Missouri, Tennessee, and the following counties in Mississippi:

Alcorn, Attala, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Clay, Coahoma, De Soto, Grenada, Holmes, Humphreys, Itawamba, Lafayette, Lee, Leflore, Lowndes, Marshall, Monroe, Montgomery, Noxubee, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Webster, Winston, Yalobusha.

New Orleans PMA Commodity Office; Louisiana and counties in Mississippi not assigned to Memphis.

Federal Reserve Bank, Oklahoma City, Okla.; Oklahoma, Kansas,

(b) Farm-Storage cotton.

Custodial Office and District Served:

New Orleans PMA Commodity Office: All States.

D The Lending Agency Agreement - Cotton

1 Who May be an Agency - Any bank, corporation, partnership, association, individual or other legal entity having adequate facilities for making loans in accordance with the price support program may become an approved lending agency.

2 How to Become an Agency - An individual or organization desiring to execute an Agreement with CCC may obtain the proper forms and

related information from the New Orleans Office. A Lending Agency Agreement - Cotton, CCC Cotton Form D dated June 15, 1953, shall be executed in duplicate by the applicant and should be forwarded to the New Orleans office with a signed "Application for Approval as Lending Agency - CCC Cotton Loan Program," CCC Cotton Form 4. A copy of the CCC Cotton Form 4 shall be forwarded to the PMA County Office of each county in which the applicant is located. Organizations having more than one office which will disburse loans shall designate in the application the location of each office to be included under the Agreement. A contracting officer of CCC, at the New Orleans Office, will execute the Agreement with approved applicants, returning a copy of the Agreement to the Agency.

3 General Provisions of the Agreement

a The Agreement sets forth the general responsibilities of the Agency and CCC with respect to CCC price support loans made or acquired by the Agency. Such loans shall be in accordance with the terms and conditions of the applicable Cotton Bulletin (hereinafter called "Bulletin") issued by CCC.

b An Agency which makes loans pursuant to the Agreement is required to tender the documents evidencing such loans to the New Orleans Office within 15 days of the date of disbursement of the loans. The Agency may:

(1) Deliver the documents directly to the New Orleans Office.
(2) Submit the documents to another Agency for delivery to the New Orleans Office.

c An Agency may acquire by purchase, assignment, negotiation or delivery, an interest, in whole or in part, in documents evidencing loans made pursuant to the Agreement. Such documents as are submitted to the Agency, which is other than the original (submitting) Agency, are required to be delivered to the New Orleans Office within 15 days of the date of disbursement of the loans by the original (submitting) Agency.

d Any Agency may be designated to receive the proceeds of the notes submitted.

e Notes submitted to CCC may be tendered either for placing the loans in a pool of loans for the custodial district, causing to be issued a Certificate of Interest representing the participation of the lending agency in the pool, or for reimbursement.

f An Agency which is a banking institution or Production Credit Association, having made prior arrangement with the New Orleans Office, may, as to any loans which it tenders for reimbursement draw draft upon CCC at a designated Federal Reserve Bank or Branch Bank.

E Forms

A supply of all forms and regulations required for operations under the

Agreement may be obtained from the New Orleans Office.

PART II - COMPLETION OF LOANS

A Loan Documents

1 Loans will be made by Agencies on the basis of the following documents.

a Loans Secured by Chattel Mortgages - The signed originals of Cotton Producer's Note (CCC Cotton Form E) approved by the PMA County Committee. Copy of Cotton Chattel Mortgage (CCC Cotton Form F) must be attached to the original of the Cotton Producer's Note.

b Loans Secured by Warehouse Receipts or Order Bills of Lading - The signed originals of Cotton Producer's Note and Loan Agreement (CCC Cotton Form A) prepared in accordance with the applicable cotton program rules, regulations and instructions. Warehouse receipts or order bills of lading and other supporting documents or certificates necessary to meet the requirements of CCC program rules and regulations must be attached to the originals of the Cotton Producer's Note and Loan Agreements.

2 Hereinafter, for the purpose of this Handbook, the word "note" is used to indicate CCC Cotton Form A and CCC Cotton Form E.

B Disbursement of Loan Proceeds

1 Prior to disbursement of a loan on a note to be secured by warehouse stored cotton the Agency shall make the following determinations:

a That the note has been completely filled out and that the amount of loan is correct.

b That the warehouse receipts offered as collateral are original documents and meet the requirements of the Bulletin.

c That all other requirements established by CCC for warehouse storage loans have been observed.

2 Prior to disbursement of a loan on a note to be secured by cotton represented by order bills of lading, Agency shall make the following determinations:

a That the Agency has received notice from CCC of the area specified by the New Orleans Office in which such loans are available, that the loan is to be secured by cotton in such area and that Agency has not received notice from CCC of the termination of the availability of such loans to be secured by cotton of the area.

b That the note has been completely filled out and that the amount of loan is correct.

c That the order bills of lading offered as collateral are original documents and meet the requirements of the Bulletin.

d That all other requirements established by CCC for order bills of lading loans have been observed.

3 Prior to disbursement of a loan on a note to be secured by farm stored cotton the Agency shall determine that the loan has been approved by the PMA County Committee.

4 Disbursement shall not be made for a loan if the Agency has knowledge that the borrower is not an eligible producer or the cotton offered as security is damaged, destroyed or impaired, is subject to any prior lien or encumbrance (except the warehouseman's lien allowed in the Bulletin) or is otherwise ineligible for a loan. If the Agency has any reason to question the eligibility of the borrower or the cotton, the loan shall not be disbursed until such eligibility is established.

5 A loan may not be disbursed after the final date set forth in the Bulletin unless approved by the New Orleans Office in each instance. Application for such approval shall be made to that office. If approval is obtained for disbursement of a loan after the final date set forth in the Bulletin, a copy of such approval must be attached to and remain with the original note.

6 A loan shall be disbursed in accordance with the producer's request as entered on the face of the note and the Agency shall insert the date of disbursement in the space provided therefor on the face of the original and copies of the note.

C Endorsement of Notes - The Agency designated as the payee of the note shall endorse the note to Commodity Credit Corporation by execution of that part of the note entitled "Payee's Endorsement."

D Advance Loans

1 An Agency may make advance loans to producers on cotton stored or to be stored in warehouses. Such loans may be made prior to announcement of loan rates, prior to receipt of classification certificates from Boards of Examiners or prior to issuance of warehouse receipts. Advance loans are made on forms and in amounts agreed upon between the Agency and the producer. An advance loan is a private loan; however, the Agency may obtain from the producer a Producer's Power of Attorney, CCC Cotton Form J, in triplicate, permitting the Agency to execute on behalf of the producer a CCC Cotton Form A covering all such cotton which is eligible for a loan under the Bulletin. The duplicate copy of CCC Cotton Form J shall be delivered to the

producer. The triplicate copy of CCC Cotton Form J shall be retained by the Agency.

2 Samples must have been drawn and submitted to a Board of Cotton Examiners on or before the date the advance loan is made or, if the cotton has not arrived at the warehouse, the Agency must have instructed the warehouseman to sample the cotton and forward the samples to a Board of Cotton Examiners immediately upon receipt of the Cotton at the warehouse.

3 On or before September 1 each year, or within 15 days after the dates of the classification certificates, or within 15 days after the dates of the warehouse receipts, whichever is later, the Agency shall (as provided in the Producer's Power of Attorney), unless the cotton has been redeemed, prepare or cause to be prepared on behalf of the producer a CCC Cotton Form A or Forms A covering all such cotton which is eligible for loan and make a CCC loan or loans to the producer in accordance with Section I of the Agreement and Part II of this Handbook. The serial number of the CCC Cotton Form J shall be inserted upon all copies of the related CCC Cotton Forms A in the space provided. The original of the CCC Cotton Form J shall be attached to the original of the initial note made under its provisions.

4 If the amount of the CCC loan exceeds the amount due on the advance loan (including principal and interest), the Agency shall disburse the amount of the difference to the producer promptly upon completion and execution of the note. The date of disbursement of the amount of the difference to the producer shall be shown as the date of disbursement on the note; if no difference is required to be disbursed, the date of execution of the note shall be entered as the date of disbursement.

5 The producer's and county committee's copies of the note and the cancelled note evidencing the advance loan shall be released or forwarded to the producer.

6 It shall be the responsibility of the Agency named in the CCC Cotton Form J to obtain the official classification certificates from the warehouseman or producer and it is the responsibility of the producer to deliver such certificates to the Agency within 15 days after the dates of the certificates so the loans can be made within the time specified in paragraph 3, above.

7 It shall be the responsibility of the Agency named in the CCC Cotton Form J to obtain the execution of the Agreement of Warehouseman and the Clerk's Certificate on each note. Only bona fide employees of the Agency making the advance loan who are approved as clerks by the PMA County Committee or approved clerks in the office of the PMA County Committee will be permitted to execute the Clerk's Certificate on notes covering cotton on which advance loans have been made.

E Loans Prior to August 1 for Each Crop Year - Agencies may make CCC loans to eligible producers in areas where cotton is harvested prior to August 1. Such loans shall be made in accordance with the Bulletin provisions for loans made after August 1. Base loan rates for warehouse locations in the early harvesting area will be announced by the New Orleans Office prior to harvest. Such base loan rates shall be used by the Agencies in the making of loans prior to August 1.

PART III - SUBMITTING NOTES TO CCC

A Transmittal of Notes

1 Required Form of Transmittal - All notes evidencing loans made shall be listed on "Lending Agencies Letter of Transmittal" (CCC Cotton Form C) (hereafter called "Form C"). Separate Forms C shall be prepared for notes of each of the following description.

a Kind of Cotton - List on separate Form C, notes secured by Upland cotton and notes secured by extra long staple cotton.

b Form of Security - List on separate Form C, notes secured by:

(1) Warehouse receipts.

(2) Order bills of lading.

(3) Chattel mortgages.

c Custodial District - List on separate Form C, notes as to which collateral has been received in each custodial district as indicated in paragraph C, 6 of Part I, of this Handbook.

d Powers of Attorney - List on separate Forms C notes executed by Attorneys-in-Fact empowered by "Producers Power of Attorney" (CCC Cotton Form J or CCC Cotton Form 18).

2 Number of Notes to be Listed - The Agency shall list on each Form C as many notes as may be available and not previously transmitted to CCC.

a Notes to be tendered to CCC for purchase by draft may be submitted daily. Not more than one uncompletely filled Form C of each required separation shall be submitted by an Agency for loans disbursed in any one day.

b Notes to be tendered to CCC for purchase other than by draft and notes submitted for pooling shall be listed on Forms C with separation as required. Each of the 43 lines on each Form C shall be used for listing a note in order that the Forms C may be completely filled. However, where submission of less than 43 notes with a Form C is necessary in order that all the notes may be tendered within 15 days of the dates thereof such

uncompletely filled Forms C shall be used to transmit the listed notes to CCC.

3 Preparation of Forms C - Each Form C to be used in the transmittal of notes to CCC shall be completed in quintuplicate in the following manner.

a Date - Insert the date of submission of the Form C to CCC.

b Lending Agency Submitting Notes - Show the name of the Agency which is payee of the notes.

c Address - Show the address of the Agency which is payee of the notes.

d Signature and Title - Show the signature and title of the person authorized by the Agency to certify as to the facts set forth in the Forms C.

e Schedule - Each note submitted to CCC must be listed, showing the following:

(1) Name of Producer - Name of producer as shown on the listed note. In the event that more than one producer has joined in making the note, show the first named producer followed by the description "et al."

(2) Date of Note - Show the date of disbursement of the note.

(3) Number of Bales - Show the total number of bales securing the note.

(4) Face Amount of Note Without Interest - Show the total amount of the loan in accordance with the amount of the note.

The totals of the schedule, representing the totals of all of the listed notes shall be shown on the line entitled "TOTAL" as follows:

(5) Face Amount of Note Without Interest - Show the sum of the amounts of notes listed.

(6) Number of Bales - Show the sum of the number of bales securing the notes listed.

(7) b/ - Show the number of notes listed.

(8) a/ - Show the amount of fee earned by Agency for notes to be tendered for purchase under draft on CCC. The fee is to be

determined at the rate specified in the Agreement.

f Request for Settlement - The name of the Agency designated as payee of the total of the Transmittal Form C shall be shown on the lines provided. Such payee is required to be an Agency. The form of settlement is to be elected by correctly checking the appropriate block. If the notes are to be tendered to CCC for purchase by draft, the serial number of the draft shall be shown immediately below the "settlement" block.

g Rejections and Acknowledgements - The name and address of the Agency to which acknowledgement of receipt of the notes is to be forwarded by CCC, and to which rejected notes are to be returned by CCC shall be shown.

B Notes Tendered by Drawing Draft on CCC

1 Prior Approval - Banking institutions or Production Credit Associations which are Agencies and which may wish to tender notes for purchase by CCC by drawing draft on CCC payable at a Federal Reserve Bank or Branch shall obtain prior approval by the New Orleans Office. Such Agency shall advise CCC at the New Orleans Office of its desire to draw draft upon CCC and shall furnish specimen signatures in duplicate, of representatives of the Agency to be authorized to sign drafts drawn on CCC. New Orleans Office will designate the Federal Reserve Bank or Branch at which drafts drawn over the authorized signatures will be honored. The Agency may begin the drawing of drafts upon CCC upon notice by the New Orleans Office of its approval.

2 Preparation of Draft - "Sight Draft" (Commodity Credit Corporation Form 237A) shall be used by the Agency desiring to draw upon CCC for notes to be tendered for purchase. Only one draft shall be made on CCC for all notes to be tendered to CCC for purchase on any one day. The draft shall be prepared in single copy only in the following manner.

a Payable Through Federal Reserve Bank or Branch At _____ Show the city in which the designated Federal Reserve Bank or Branch is located.

b Draft Number - Number consecutively each draft issued by the Agency, beginning with No. 1, for each crop year of loan.

c Place - Show the city and state in which the drawer Agency is located.

d Date - Show the date the draft is drawn.

e Payee - Show the name of the Agency designated on the Forms C as payee of the Transmittal.

f Amount - Show the sum of the totals of the face amounts of notes plus amounts of fees earned as indicated on all the Forms C listing notes being tendered to CCC for purchase.

g Drawer - Show the name of the Agency approved to draw upon CCC and the signature of the Agency's authorized representative as recorded with CCC.

h Loan Program - Show "CCC - Cotton" in the space provided.

3 Distribution of Documents

a Three copies of each Form C, together with the listed notes and collateral documents and the originals of any "Producers Powers of Attorney" being initially used shall be forwarded to the New Orleans Office on the day of presentation of the related draft.

b Sight Draft, CCC Form 237A, enclosing originals of all Forms C listing loans to be purchased by CCC under the draft shall be presented at the designated Federal Reserve Bank or Branch.

c The quintuplicate copy of each Form C may be retained by the Agency.

4 Returned Notes - Notes not acceptable to CCC will be returned by CCC to the designated Agency for correction.

a Trust Indenture - Notes included in drafts honored by CCC may be returned to the designated Agency under a trust indenture requiring correction of the documents as indicated in the return. The Agency shall accomplish promptly the required corrections and shall return the notes to CCC, together with a copy of the Notice of Rejection. In no event shall such notes received by the Agency under a trust indenture be listed upon a subsequent Form C.

b Draft on Agency - At the election of CCC, notes not acceptable to CCC may be returned to the designated Agency under draft in the amount of the notes plus fee thereon, which shall be honored promptly. Notes returned to the Agency under draft shall, upon completion of the required corrective action, be retendered to CCC on a separate Form C marked "Retendered Notes". A copy of the Notice of Rejection supplied the Agency shall accompany the retendered notes.

C Notes Tendered for Subsequent Reimbursement or for Pooling

1 Distribution of Documents -

a The original and three copies of each Form C, together with listed notes and collateral documents and the originals of any "Producers Powers of Attorney" being initially used shall be forwarded to the New Orleans Office.

b The quintuplicate copy of each Form C may be retained by the Agency.

2 Returned Notes - Notes not acceptable to CCC will be returned to the designated Agency for correction. Notes returned to the Agency shall, upon completion of the required corrective action, be retendered to CCC on a separate Form C marked "Retendered Notes". A copy of the Notice of Rejection supplied the agency shall accompany the retendered notes.

3 Reimbursement for Notes - Reimbursement to the designated Agency for loans evidenced by documents tendered to CCC for purchase other than by draft will include the face amount of notes accepted by CCC plus interest accrued thereon.

4 Participation in a Pool of Notes - A Certificate of Interest will be issued to the designated Agency for notes accepted by CCC which are, at the election of the Agency, deposited in a pool of notes. The Certificate of Interest will be in a face amount equal to the sum of the face amounts of the notes deposited.

PART IV - POOL OF NOTES

A Participation in a Pool of Notes - Notes accepted by CCC may, at the election of the Agency, be deposited in a pool of notes operated in accordance with the Agreement.

The custodian of each pool of notes will be the Custodial Office for the custodial district as described in paragraph C, 6 of Part I of this Handbook. All notes deposited in a pool by Agencies will be evidenced by Certificates of Interest, CCC Cotton Form H, (hereinafter called "Certificate") issued and held by the custodian. A copy of each Certificate will be supplied by the custodian to the Agency designated as the Certificate holder.

B Transfer of Certificates of Interest

1 Method of Transfer - A Certificate may be transferred either between Agencies or between an Agency and an authorized Federal Reserve Bank. The transfer of a Certificate may be accomplished only by proper execution and filing of "Assignment of Certificate of Interest", CCC Cotton Form I, (hereinafter called "Assignment").

2 Preparation and Acceptance of Assignment - The Assignment evidencing the transfer of a Certificate shall be prepared, in triplicate, by the holder of the Certificate. All entries provided for in the body of the Assignment shall be made. The holder of the Certificate shall sign and forward the original and two copies of the Assignment to the Custodial Office designated in the Certificate. Upon acceptance of the Assignment on behalf of CCC, the Custodial Office will return to the Certificate holder and to the transferee Agency, respectively, the appropriately marked copies of the Assignment.

3 Assignment to Agency Other Than a Federal Reserve Bank or Branch - The limitation on the number of transfers of a Certificate to an Agency which

is not a Federal Reserve Bank or Branch, as provided in the Agreement, shall be observed.

Assignments received by the Custodial Office during the first 10 days of any month will not be effective until the end of such period. Therefore, the Assignment of the Certificate received during the first 10 days of any month will be as to the value of the Certificate which may be outstanding after any payment thereon which may be made during the first 10 days of the month in which the Assignment was received.

4 Assignment to a Federal Reserve Bank or Branch - If the Certificate holder is a member bank of the Federal Reserve System, any number of transfers of the Certificate may be made to and from a Federal Reserve Bank which has entered into an agreement with CCC authorizing the transfer of Certificates to the Federal Reserve Bank.

Such a transfer, or retransfer, is required to be evidenced by an Assignment prepared and filed in accordance with the preceding paragraph A, 2 of this Part IV.

In order to expedite the availability of credit under an Assignment, a transfer of a Certificate will be effective upon receipt by the Custodial Office of telegraphic advice from the Federal Reserve Bank that the Certificate has been transferred. In each case of advice of transfer by telegram, such advice shall be subsequently confirmed by the submission of a duly executed Assignment. Any advice of transfer, or Assignment not preceded by advice of transfer, received by the Custodial Office during the first 10 days of any month will be as to the value of the Certificate which may be outstanding after any payments which may be made during the first 10 days of the month in which the advice of transfer or assignment was received.

C Payment of Certificates

1 Upon Repayment of the Notes etc. - Proceeds of the collection of, or other appropriate credit to, the principal amounts of the notes deposited in a pool may, at the option of CCC, be paid over currently to the holders of Certificates in accordance with the Agreement. Any such payment to be made by CCC will be made during the first 10 days of the month; the payment will be to the Certificate holder of record on the last day of the preceeding month.

2 Upon Demand by Certificate Holder - The holder of a Certificate may at any time receive payment for the outstanding value thereof plus accrued interest by demand upon CCC at the address of the Custodial Office shown on the Certificate. The demand shall be in writing and shall be executed by a duly authorized representative of the Agency which is the Certificate holder. Where the Certificate holder is a member bank of the Federal Reserve System and desires to expedite payment, the demand for purchase may be made by telegram with the request that payment to the Certificate holder be made by wire credit through Federal Reserve Banking channels.

3 Upon Final Liquidation of the Pool of Notes - Upon final liquidation of the pool of notes, by repayment or otherwise, CCC will pay to the holders of Certificates the value thereof plus accrued interest. Demand by the holder of the Certificate is not required.

S. J. Somers,
Controller, CCC